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C O N F I D E N T I A L SECTION 01 OF 03 SHANGHAI 000122

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STATE ALSO FOR EAP DAS CHRISTENSEN, EAP/CM
NSC FOR DENNIS WILDER, KURT TONG

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SUBJECT: SHANGHAI AMERICAN STUDIES SCHOLAR ON TAIWAN ELECTION, TIBET
UNREST AND DEMOCRATIZATION

CLASSIFIED BY: Simon Schuchat, Deputy Principal Officer, U.S.
Consulate General, Shanghai, China, Department of State.

REASON: 1.4 (b), (d)

11. (C) SUMMARY: On March 26, 2008 DPO and Conoff met with Fudan University Professor Wu Xinbo, Deputy Director of the Shanghai Institute for American Studies to discuss the Taiwan presidential election. Wu speculated that under certain conditions Beijing could tolerate a U.S. visit by Ma Ying-jeou prior to his inauguration. Wu expects Ma Ying-Jeou's victory to improve cross-strait ties. Before the election China had made economic gestures in order to achieve a political result (Ma's victory), and now the PRC will need to make political gestures, including movement on Taiwan's "international space" and possibly some reduction in its visible military presence on the mainland side of the strait, in order to obtain economic benefits, such as direct transportation links, more mainland tourism to Taiwan, and greater market access in Taiwan for mainland products. He also commented on the recent disturbances in Tibetan areas of China. Wu will travel to Washington during the week of March 31, where he expects to see EAP DAS Christensen, NSC Wilder, Congressional staffers, and think-tank scholars such as the Brookings Institution's Richard Bush. END SUMMARY.

Ma Ying-jeou to the U.S.?

12. (C) Wu Xinbo commented on recent press reports that Ma Ying-jeou has asked to visit the United States prior to his inauguration in May. Although Ma would be a private citizen traveling on a private passport, he is nevertheless Taiwan's President-elect and, as such, a visit would present many problems for China. How easy it would be for Beijing to accept would depend on many factors. Beijing would be concerned that Ma would use a U.S. visit to increase his leverage in dealing with the mainland. Wu noted that Ma is already known to be close to the United States. A Ma visit would not be substantive, but symbolic: if Ma wants to talk substance with America, he can do it in Taiwan.

13. (C) Beijing's main concern would be with the manner in which Ma would be received. If he went to Washington, that would be a serious problem. On the other hand, Wu mused, as a Harvard alumni, Ma might accept an invitation his alma mater to give a speech on Taiwan (but not cross-strait relations), and while in Boston might perhaps communicate with some senior USG officials. Although uncomfortable, Beijing might consider such a visit tolerable. (Comment: Wu's implied analogy to Lee Teng-hui's 1995 visit to Cornell is interesting, if only to show how mainland perspectives have evolved. End comment.)

14. (C) If Ma is allowed to visit, it is imperative that the United States notify Beijing, not to seek approval, but merely to give advance notice as a courtesy. In any case, Wu emphasized that it is in the interests of Taiwan and the U.S. to preserve whatever goodwill Ma currently has with the mainland. Wu added that the Taiwan military had yet to declare its allegiance to Ma -- something they had quickly done in 2000, at the last change of ruling party -- and speculated that Ma might even face a coup if he left Taiwan before his May inauguration.

Taiwan's election shows a more mature democracy

15. (C) Wu was not surprised by Ma's decisive win in the March 22 election, given the KMT's victory in the legislative elections earlier this year. However, it is too soon to say whether Ma's victory was truly a vote for the KMT, or simply a vote of "no confidence" in Chen Shui-Bian's bad governance. In four years, Taiwan voters will reassess Ma's leadership based on his first-term performance, and will have forgotten the current dissatisfaction with Chen's DPP leadership. Ultimately, Ma's 17 percent margin of victory represents broad, albeit conditional, support. The DPP retains significant support. Wu had previously met Ma Ying-jeou on several occasions, when Ma was

SHANGHAI 00000122 002 OF 003

Taipei Mayor. In Wu's assessment, Ma is a serious, credible man of substance. Nevertheless, the KMT should not get carried away by Ma's election results; future Taiwan voter confidence will depend on Ma's successful leadership. For Wu, the March 22 election demonstrates that Taiwan's democracy is maturing. Taiwan voters judged candidates based on leadership qualities, rather than reflexively voting for "the native Taiwanese candidate." Moreover, unlike the past two Taiwan elections, this year's election had a decisive result. Nor was there any indication of "foul play" or "trickery."

Possible Mainland Gestures: Political for Economic

16. (C) Wu believes that Ma's victory opens a window for improvement of cross-strait relations, both economically and politically. Wu expects Ma Ying-jeou's victory to improve cross-strait ties. Before the election China had made economic gestures in order to achieve a political result (the KMT victory), and now the PRC will need to make political gestures in order to obtain economic benefits. Before the election, the mainland proposed a variety of economic measures that would benefit the Taiwan economy, including increased mainland tourism to Taiwan and greater market access for Taiwan agricultural products. According to Wu, the PRC would like to see implementation of direct air and sea links, fewer restrictions by Taiwan on mainland-destined investment, and greater market access for mainland goods in Taiwan. Now that the Taiwan people have chosen a leader more willing to cooperate with the mainland, Wu believes it is time for China to make unilateral concessions as a show of support and good faith.

17. (C) Wu noted that Hu Jintao has already indicated willingness, if Taiwan's leaders accept the "one China principle," to be more flexible regarding to Taiwan's "international space," ceasing its objections to Taiwan participation in international organizations for which statehood is not a pre-requisite for admission (e.g., the World Health Assembly). Additionally, Wu believes that China can take some

measures to reduce military tensions. China could make its military presence in coastal areas less visible and less threatening to Taiwan. This might included redeploying missiles away from the area. In return, Beijing hopes that Taiwan will relax, or eliminate, economic restrictions on trade and investment by mainland Chinese. Beijing could have taken Taipei before the WTO over its restrictions on imports from the mainland, but chose not to do so for political reasons. Wu speculated that Taiwan might well have welcomed such a move for its sovereignty implications, but the mainland was not eager to "internationalize" the cross-strait trade relationship.

ARATS and SEF will resume dialogue

18. (C) Wu expects the dialogue to resume between Taiwan's Strait Exchange Foundation (SEF) and China's Association for Relations Across the Taiwan Straits (ARATS), the two organizations established in the 1990s to serve as non-governmental channels for managing the cross-strait relationship. Both sides will want to select new leaders for their respective entities. On the PRC side, Wu noted that State Council Taiwan Affairs Office director Chen Yunlin is already past the age of retirement and would have already stepped down, except for the need to remain through the Taiwan election. He thought Chen was the most likely new chief of ARATS. Although there has been speculation that former Foreign Minister Qian Qichen might take on the role, he is probably too senior and too old. The Hong Kong media has reported that Yan Mingfu, former Director of the United Front Work Department, is also under consideration; Wu opined that Yan has both the experience and the family background to become the new ARATS head, but whether he was a serious candidate depends on Yan's relationship with Hu Jintao. In any event, Wu is confident that semi-official dialogue between ARATS and SEF will resume after Chen Shui-Bian leaves office in May.

Hu and his legacy

19. (C) According to Wu, Hu Jintao strongly desires to see a

SHANGHAI 00000122 003 OF 003

resolution of the Taiwan issue as his legacy. In fact, the current, improved situation is the result of Hu's policies. Nevertheless, Wu did not expect rapid progress on the fundamental political issues across the strait, such as agreement on the definition of "one China" or resolution of Taiwan's political status. Economic priorities such as the "three links" and tourism liberalization are more deliverable goals. Initial deliverables will need to be exchanged before broader political resolution can be achieved. Speaking personally, Wu thought that the Taiwan proposal from ten years ago, of "one China, two governments," might even be acceptable to China, even as it may no longer satisfy some elements on Taiwan.

110. (C) Hu Jintao and Ma Ying-jeou's respective terms of office are an additional complication in reaching a political solution.

Ma will probably have to wait until a second term to make significant movement on the most sensitive political issues, such as defining "one China," sovereignty, and Taiwan's political status. However, by that time Hu Jintao will be in the final year of his five year second term as President, and it may be difficult for him to make any major moves.

Tibetan unrest

111. (C) Wu, who spent the academic year 2006-7 in Washington as a fellow at the Brookings Institution, told us that he has been active in some unofficial dialogue with Tibetan exile organizations. As such, he believes that the recent Tibetan disturbances should remind Beijing of the importance of dealing with the Dalai Lama. The Dalai Lama is much more likely to reach accommodation with Beijing than are others in the exile community. Although they may appear extreme to some in Beijing,

the Dalai Lama's demands are negotiable. However, hardliners in Beijing can now point to unrest in Tibet, and use this as an additional excuse to further attack and alienate the Dalai Lama.

In this Olympic year domestic political issues are even more sensitive. Wu said that he had been hopeful that dialogue with the Dalai Lama could resume but he no longer holds that hope. Ultimately, Tibetan unrest in this Olympic year damages this dialogue, perhaps irreparably.

¶12. (C) According to Wu, China's initial concern over the Tibetan protests was that a forceful response to unrest might negatively impact the Taiwan election. Now that the Taiwan election is past, Beijing is worried about Tibet's impact on the Olympics and the world's perception of China. With this in mind, China is trying its hardest to handle Tibetan unrest in the least damaging way to its public image. China's efforts so far have been successful, in Wu's assessment. In March 1989, Tibet experienced similar unrest. At that time, martial law was declared and China was heavy-handed in its suppression of the protests. Currently, however, China is trying its hardest to open Lhasa back up, not shut it down. It wants journalists -- first Chinese, but ultimately western as well -- to be able to return to Tibet and report positive stories. Many rioters have surrendered, which according to Wu, meant that China would be able to take a more lenient approach to their punishment. Nevertheless, several key figures remain at large, and the situation has not yet fully stabilized.

Wu's Washington Trip

¶13. (C) Wu told us that he will travel to Washington over the weekend for a conference as well as meetings. He said that he expected to see EAP DAS Christensen, Dennis Wilder at the NSC, Peter Yeo at the Congressional Research Service, as well as Frank Jannuzi on the staff of the Senate Foreign Relations Committee. He would also meet with think tank scholars, including Richard Bush at the Brookings Institution. Wu is also looking forward to seeing the U.S. Presidential election campaign up close. The week before, he had given a talk at his 15-year old son's high school on the election, and he was surprised at the level of interest among the students. They were all familiar with the different candidates and had strong views on them.

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